

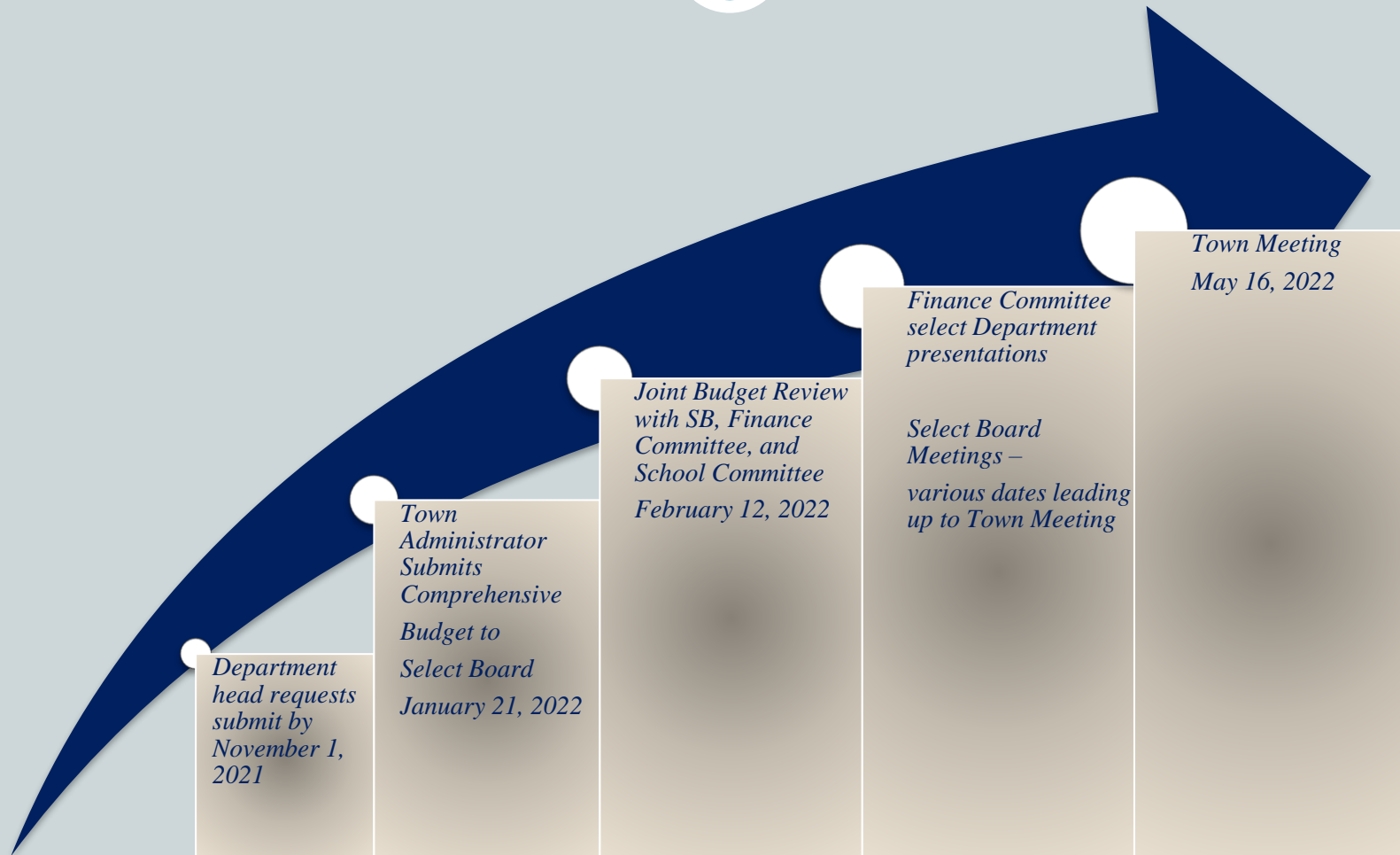


# JOINT BUDGET REVIEW FISCAL YEAR 2023 Town Administrator's Recommended Budget

Greg Johnson, Town Administrator

# Budget Process

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# December 31, 2021 – 1/2 way there

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- Year-to-date budget is on target
- Total expenditures at 44.99%; (45.3% after removing debt which has timing fluctuations)
- Received \$23.9 million in revenue receipts in the General Fund as of December 31, 2021 this is 51.1% of FY2022 target revenues.



# Fiscal Year 2023 Town Administrator Recommended Budget

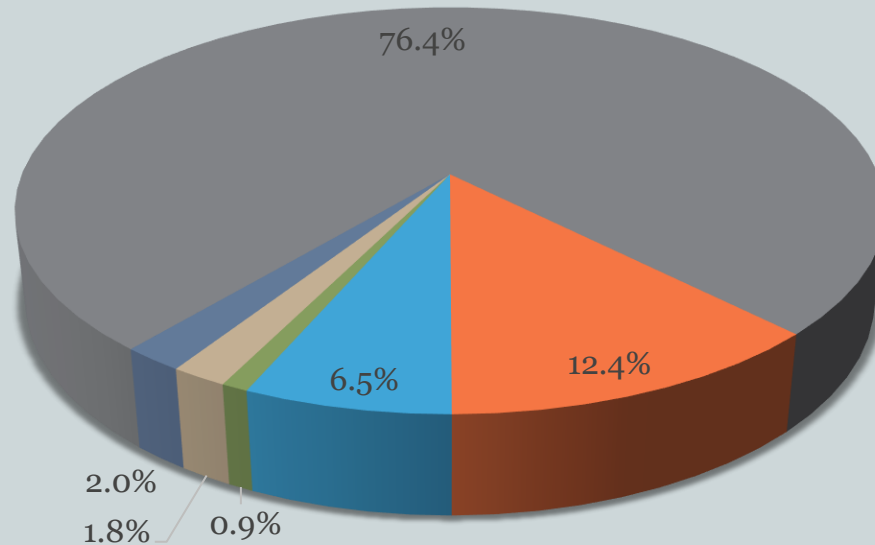


# BUDGET SOURCES

# Summary Budget Sources

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## Revenue Sources



- Real Estate and Personal Property
- State Aid
- Local Receipts
- Other (PEG, Bond Premium Reimb)
- Indirect Transfers (Water, Sewer, Ambulance)
- MSBA Reimb

# Summary of Budget Sources

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Revenue Type	Amount
Real and Personal Property Taxes	\$ 34,810,533
State Aid*	5,649,795
Massachusetts School Building Authority	897,660
Local Receipts	2,979,875
Indirect Charges (Water/Sewer/Ambulance)	819,028
Transfers From PEG Access	364,264
Amortization of Bond Premium	<u>23,937</u>
<b>Total Budget Sources</b>	<b><u>\$ 45,545,092</u></b>

\*State Aid is inconclusive: Presented figure taken from Governor's "House 1" budget

# Real and Personal Property Taxes

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LEVY COMPONENT	AMOUNT
Levy Limit 2022	\$ 33,668,813
Proposition 2 ½ % increase	841,720
New Growth Estimate	300,000
Debt Exclusions	2,647,495
Maximum Allowable Levy FY23	\$ 37,458,028



# New Growth

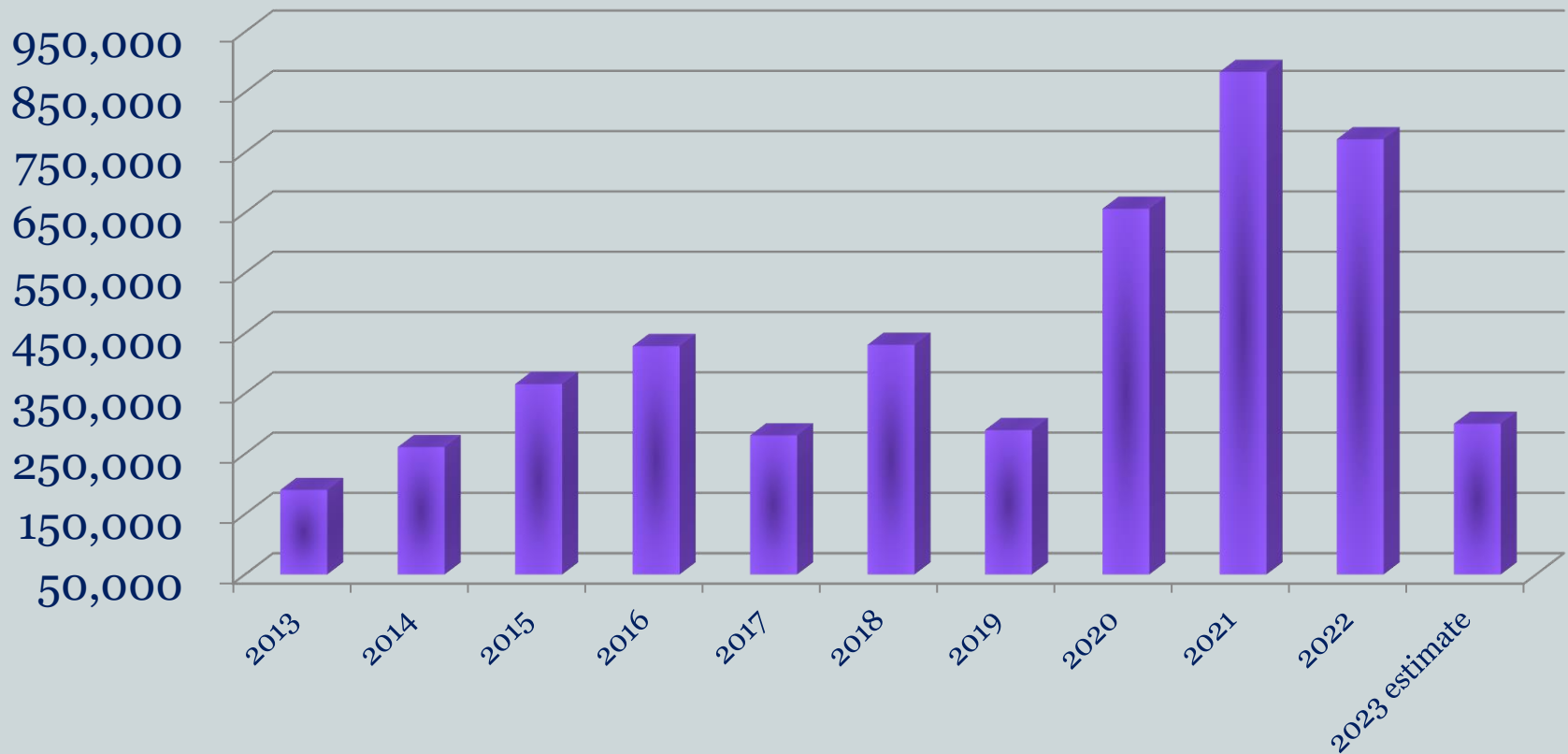
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- Estimate \$300,000
- Based on permit activity and active projects
- Reflects conservative estimate.
- Final amounts are not available until after the budget has been presented to Town Meeting

# New Growth

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## Historic New Growth \$



# State Aid and MSBA

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- FY23 Governor's state budget allocation to Maynard \$5,649,795
  - Includes General Government Aid and School Reimbursements, less assessments
  - \$(5,868) decrease from this year
  - TA Budget (submitted Jan. 21<sup>st</sup>) had projected increase of 3.5% from FY2022
    - In reaction to Gov's Budget, TA recommends shifting one-time capital expenses from General Fund to Free Cash appropriation
  - House and Senate Ways and Means Committees, then Joint Committee, will submit their versions
    - Recommendations for town budget adjustments can be provided
- MSBA \$897,660
  - Consistent from year to year
  - Reimbursement for debt related to construction of the Fowler School
  - Town qualified for nearly 60% reimbursement
  - Expires in fiscal year 2023
  - New High School project was on a pay-as-you construct basis and has all been distributed w/ no additional debt burden

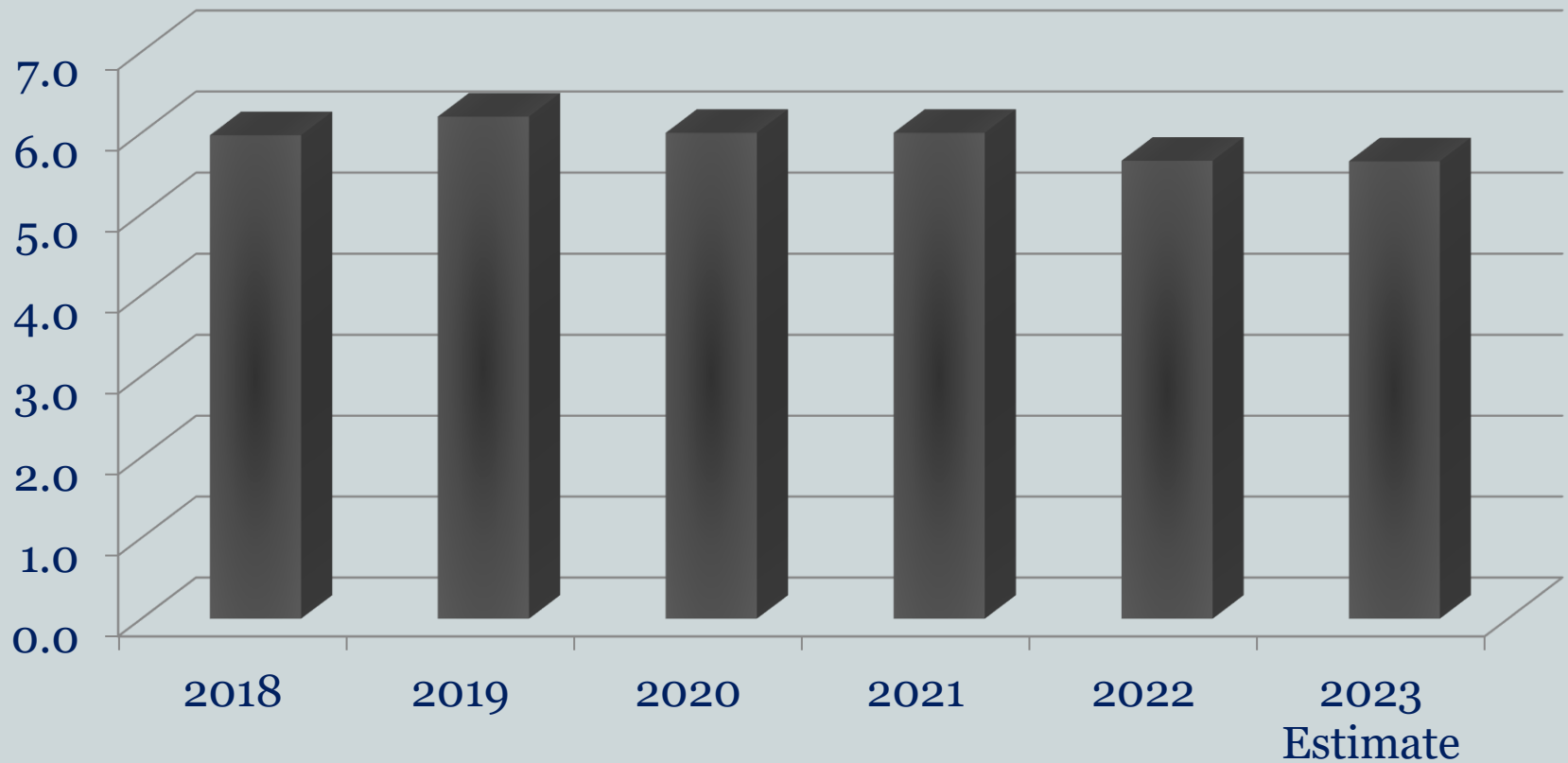
# State Aid (“Cherry Sheet”)

	2022	FY23	
	<u>Final</u>	<u>House 1 (Gov's)</u>	<u>FY23 House 1</u>
<u>LOCAL AID</u>			Vs FY22
Chapter 70	5,480,621	5,517,791	37,170
Charter Tuition Assessment Reimbursement	225,264	255,205	29,941
Unrestricted Government Aid	1,726,640	1,773,259	46,619
Exemptions - Vets , Blind & Surv Spouse, Elderly	28,172	27,455	(717)
Veteran's Benefits	18,822	10,238	(8,584)
<b>TOTAL GROSS LOCAL AID</b>	<b>7,757,727</b>	<b>7,842,076</b>	<b>84,349</b>
<u>ASSESSMENTS</u>			
Air Pollution	3,447	3,386	(61)
MAPC	6,245	6,002	(243)
RMV non-renewal surcharge	13,680	9,680	(4,000)
Regional Transit	87,388	87,388	0
Special Education	0	15,337	15,337
School Choice Sending Tuition	272,541	277,451	4,910
Charter School Sending Tuition	1,440,555	1,550,246	109,691
<b>TOTAL ASSESSMENTS</b>	<b>1,823,856</b>	<b>1,949,490</b>	<b>114,601</b>
<b><u>TOTAL NET LOCAL AID</u></b>	<b>5,655,663</b>	<b>5,649,795</b>	<b>(5,868)</b>

# Historic State Aid

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## State Aid in millions



# Local Receipts

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Receipt Type	Amount
Motor Vehicle excise	\$ 1,346,8500
Meals Tax excise	145,000
Penalties and interest	94,000
Payment in lieu of taxes	28,000
Licenses and permits	265,380
Fines and forfeits	50,000
Investment income	30,000
Solid Waste Fees	576,645
Other (Medicaid, Fees, Rentals, etc.)	269,000
Marijuana Excise Tax	175,000
<b>Total Local Receipts</b>	<b>\$ 2,979,875</b>

# Indirect Charges

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- Charges incurred by the General Fund on behalf of the Water and Sewer Enterprise Funds
- Allocated back to Water and Sewer Enterprise Funds based on a reasonable and methodical allocation process
- Includes administrative fees such as Accounting, Treasury, Collector, and Data Processing etc. as well as employee benefits
- Reduction in transfers to the General fund for FY23 (\$55,240) resulting from FY22 consultant-led recommendations from re-assessment of charges

# Transfers From Other Funds - Ambulance Receipts

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- Annually, amounts are transferred from the “Ambulance Receipts Reserved for Appropriation Fund” to the General Fund
- This is to subsidize the cost of the ambulance services and capital repairs or replacement which are charged directly to the General Fund within the Fire Department appropriation
- Approved appropriations for a new ambulance, and proposed acquisition to replace 21-year old Fire Pumper, led to reduction of transfer into General Fund
- FY23 proposed amount to transfer to the Gen Fund is **\$40,000** for ambulance operations, a reduction of (\$130,000)



# Transfers From Other Funds - PEG Access Funds

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- Annually, amounts are transferred from the “PEG Access Reserved for Appropriation Fund” to the General Fund
- This is to subsidize the cost of cable-related services, benefits, IT and associated infrastructure which is charged directly to the General Fund within the General Government appropriation
- FY23 proposed transfer amount is **\$364,624**
  - **9.6%** - Town
  - **90.4%** - School
- Current balance of revenue v expenses is forecasted as a loss as of FY24 (approx. (\$90,000)).
  - Negotiations with Verizon may impact balance further.

# Amortization of Bond Premium

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- Typically, when a municipality issues bonds, proposers offer premiums with the sale
- These premiums become revenue to the municipality at the time of sale
- When the premium arises from an excluded debt situation, the Department of Revenue (DOR) does not allow the use of this revenue all in one year
- Therefore the premium is required to be amortized over the length of the debt payback
- In the FY23 budget, the Town is using **\$23,973** as a budget source against debt service as the current year amortization

# Debt Exclusion

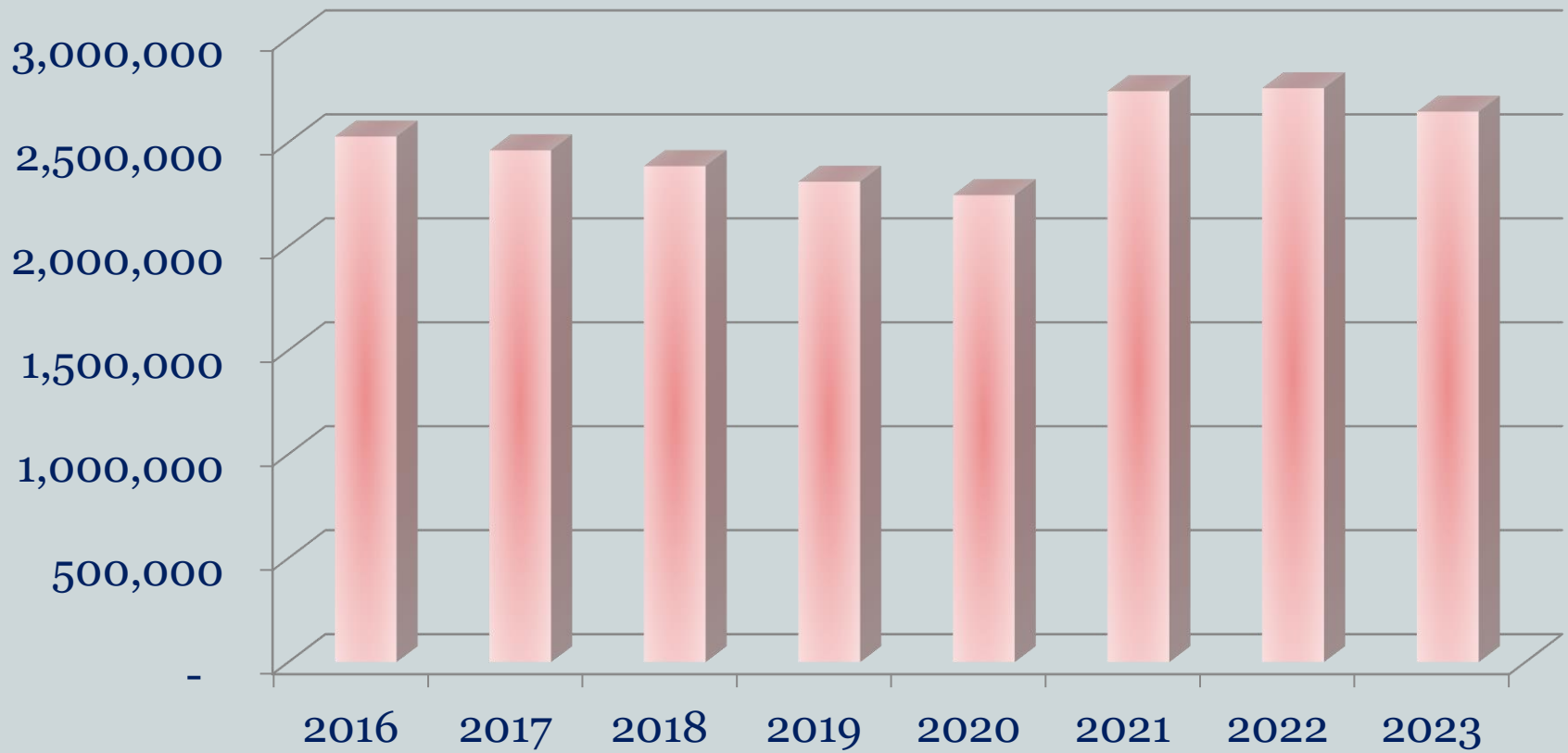
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- It is challenging for the Town to carry out a sufficient capital improvement plan without assistance from the taxpayer outside the boundaries of Proposition 2 1/2
- This is accomplished through debt exclusions, which, when approved by the voters, allows the Town to assess taxes above the Proposition 2 1/2 limits set by law
- Revenue for debt exclusion amounts for fiscal 2023 equal \$2,647,495
- Total debt service for 2023 is expected to be \$3,734,627 for governmental funds (excluded and non-excluded debt)
- Debt service for Enterprise funds for FY2023 is proposed to be \$647,485 for Water and \$778,123 for Sewer

# Historic Debt Exclusion

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## Excluded debt amount (millions \$)





# BUDGET USES

# Summary Budget Uses

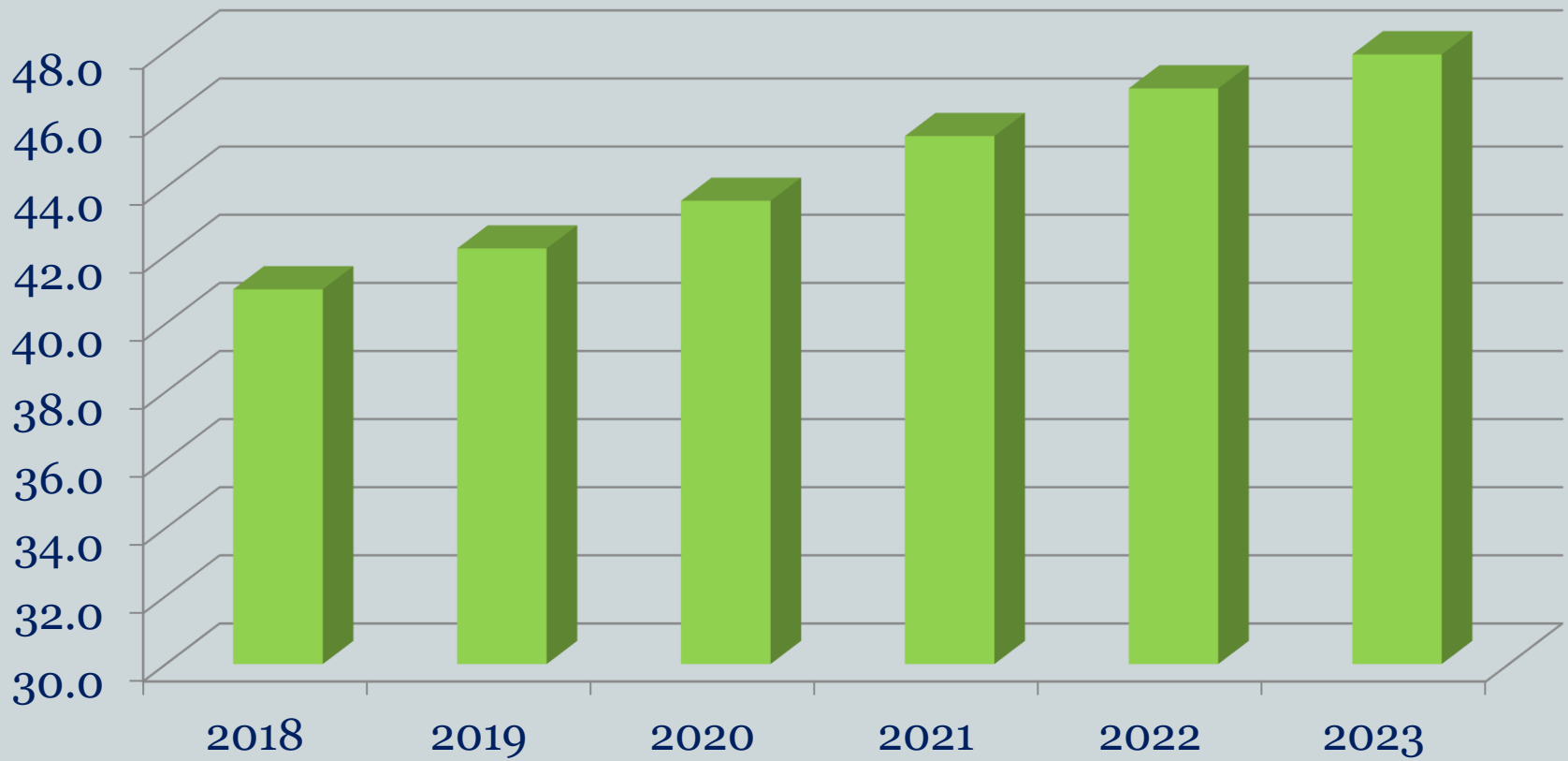
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	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	Budget	<u>FY22</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>FY2022 vs</u>	<u>% vs</u>
					<u>TA</u> <u>Recommended</u>	<u>FY23</u>	<u>FY23</u>
<u>TOTAL EXPENSES</u>							
General Government	\$2,941,460	\$2,908,545	\$2,952,058	\$3,334,360	<b>\$3,334,610</b>	\$250	0.01%
Public Safety	\$4,919,011	\$5,017,543	\$5,098,744	\$5,116,894	<b>\$5,228,418</b>	\$111,524	2.18%
Public Works	\$2,004,875	\$2,082,146	\$2,135,089	\$2,152,847	<b>\$2,282,663</b>	\$129,816	6.03%
Cultural & Recreation	\$561,005	\$577,274	\$590,844	\$601,344	<b>\$640,750</b>	\$39,406	6.55%
Education - Maynard	\$18,550,151	\$19,490,953	\$20,292,760	\$21,136,261	<b>\$21,559,555</b>	\$423,294	2.00%
Education - Assabet	\$1,025,434	\$1,122,297	\$1,223,163	\$1,250,559	<b>\$1,288,076</b>	\$37,517	3.00%
Employee Benefits	\$8,144,187	\$8,302,255	\$8,619,816	\$8,767,577	<b>\$9,267,850</b>	\$500,273	5.71%
Debt Service	\$3,549,595	\$3,467,245	\$3,954,218	\$3,917,324	<b>\$3,734,627</b>	(\$182,697)	-4.66%
Reserve Fund	\$250,000	\$250,000	\$250,000	\$250,000	<b>\$250,000</b>	\$	
PEG Access	\$285,821	\$365,398	\$360,574	\$366,434	<b>\$366,434</b>	\$	
<b>TOTAL EXPENSES</b>	<b>\$42,231,539</b>	<b>\$43,583,656</b>	<b>\$45,477,266</b>	<b>\$46,893,600</b>	<b>\$47,952,983</b>	<b>\$1,059,383</b>	<b>2.26%</b>

# Annual Budget Comparison

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## Annual Budget (millions)

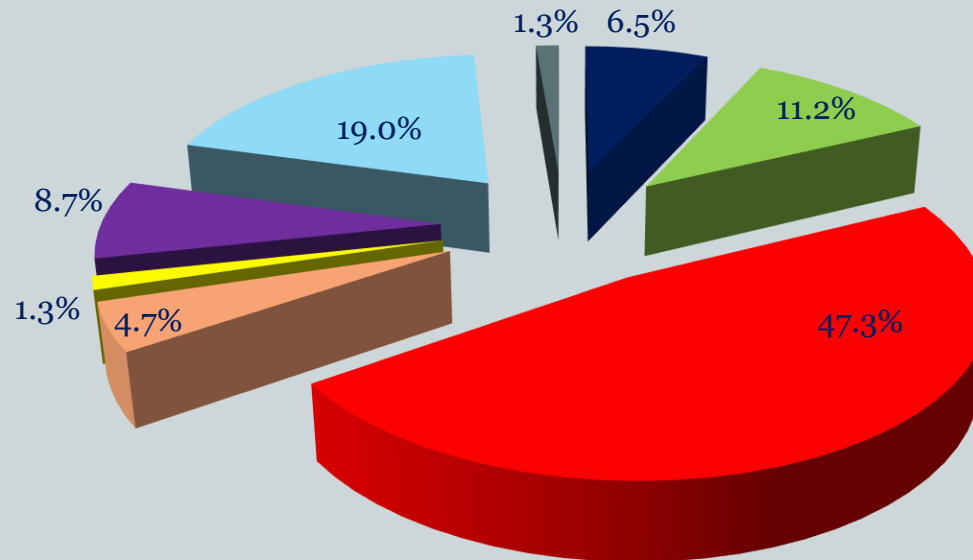


# Summary Budget Uses

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## Budget Uses by Function

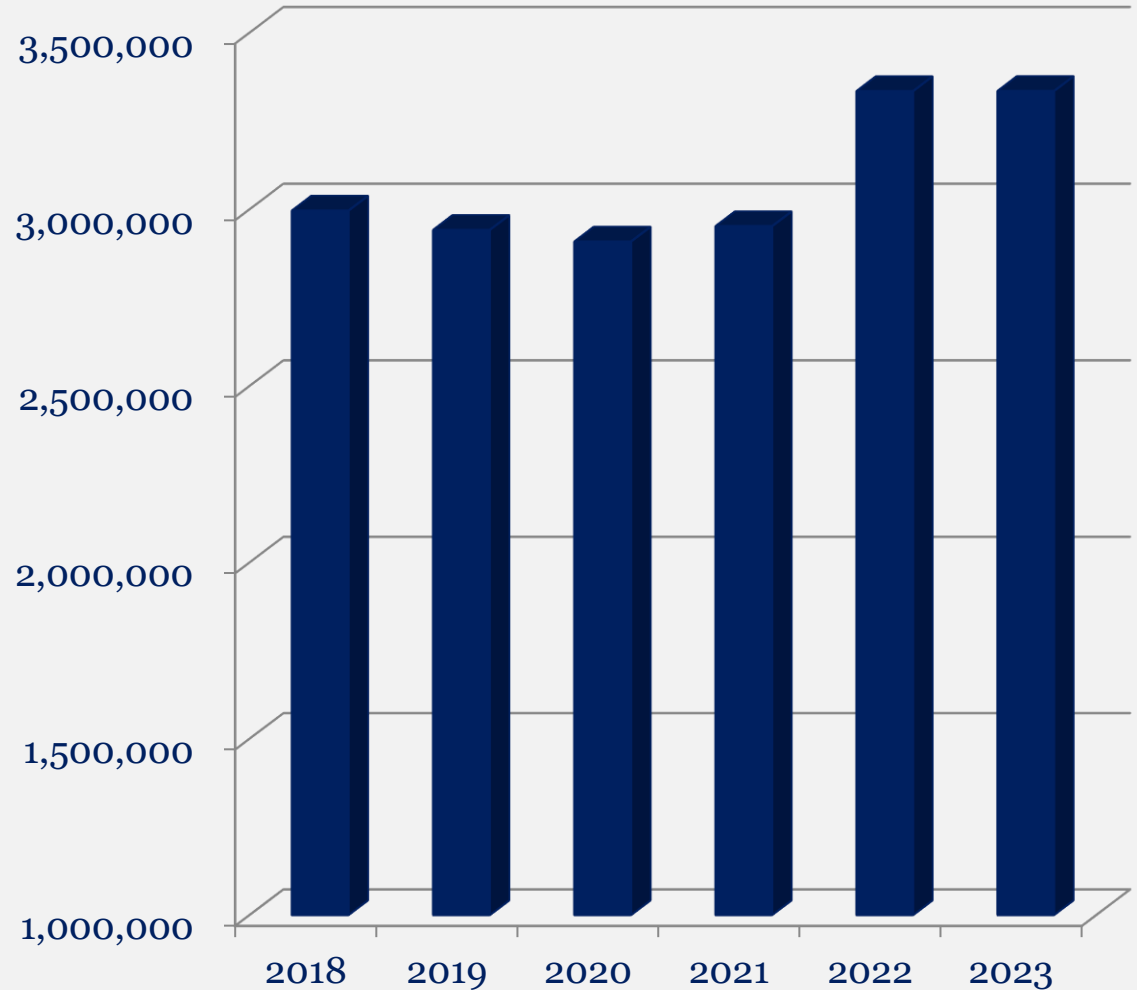
- General Government
- Education
- Culture and Recreation
- Fringe Benefits and Other
- Public Safety
- Public Works
- Debt Service
- Other Budget Uses (PEG, Reserve)





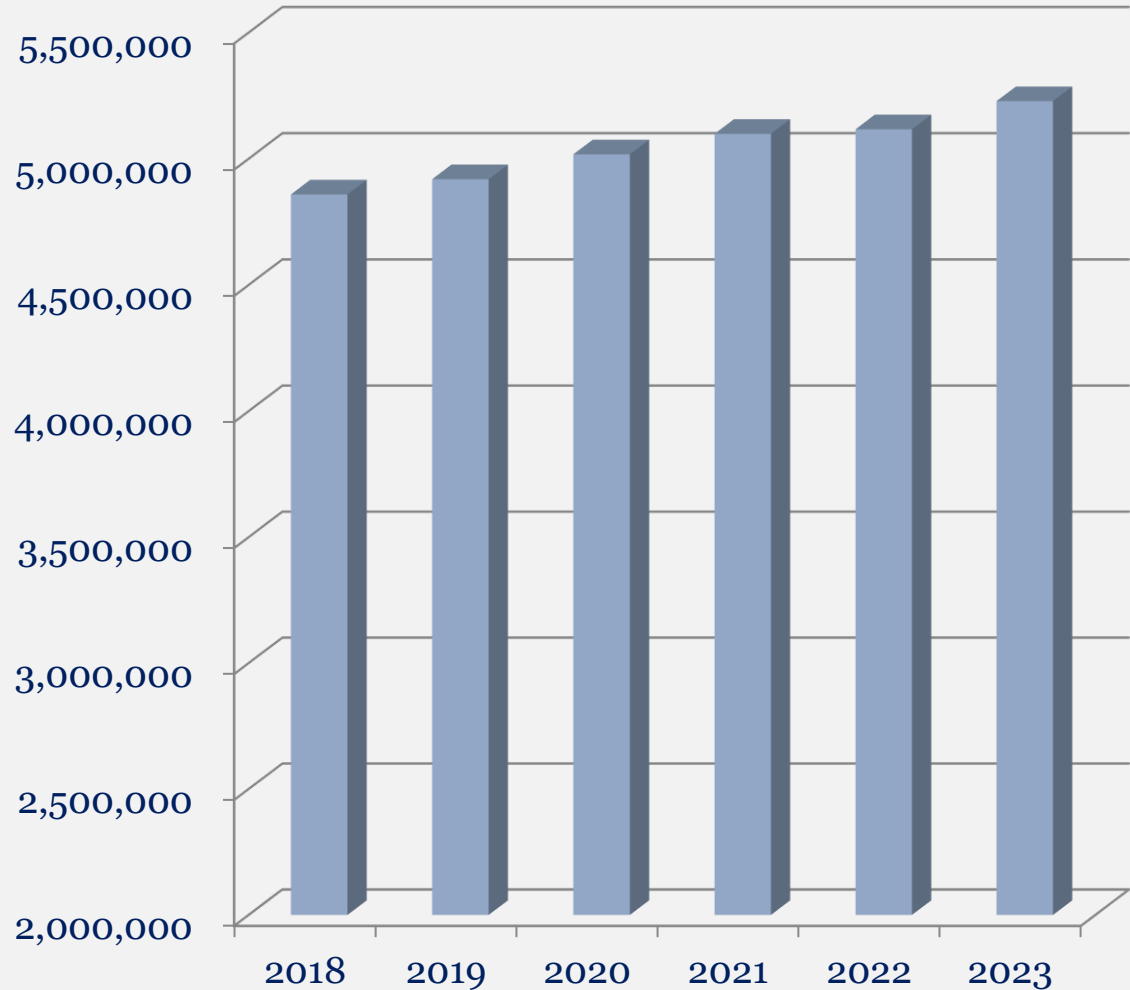
- ❑ An increase of \$250.00 over FY22.
- ❑ This reflects contractual obligations for salaries, personnel contract budgeting (6 contracts to be negotiated for FY22)
- ❑ Reverses FY22 increase to capital-pay-as-you-go practice (\$120k from FY22), and shifts one-time capital expenses to Free Cash.
- ❑ Liability insurance (9% over FY22) is not finalized for FY23.
- ❑ Increase to personnel contracts by \$30k over FY22 in anticipation of negotiating 6 agreements.
- ❑ Includes new online budget platform via Clear Gov

### General Government Budget



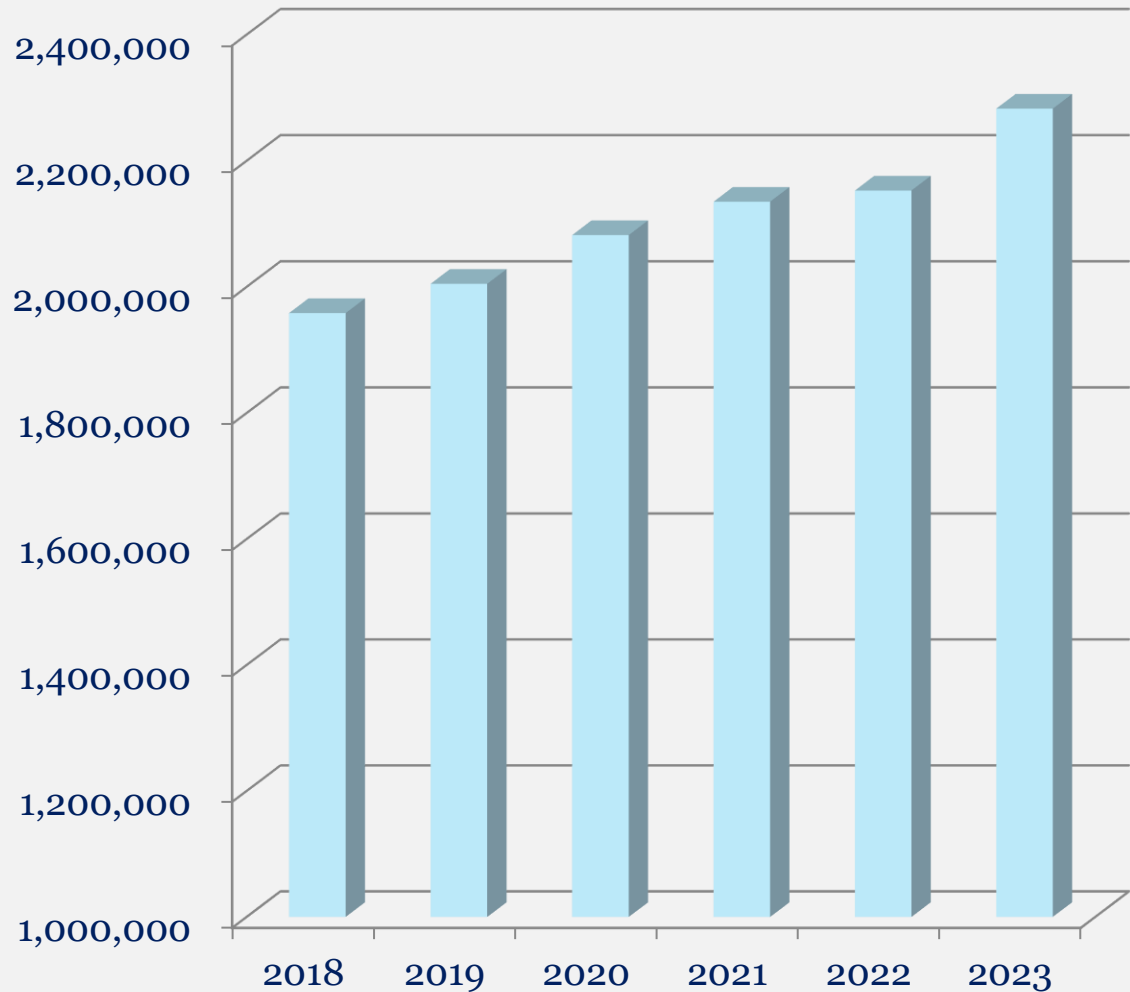
- ❑ Increase of \$111,524 which is 2.18% over the FY2022 budget.
- ❑ This reflects FY22 negotiated contractual obligations for salaries for Maynard Police and Dispatchers.
- ❑ Increases to Fire Department operational costs include clothing increases, vehicle and equipment repairs and maintenance, SCBA flow testing, and medical supplies.

## Public Safety Budget



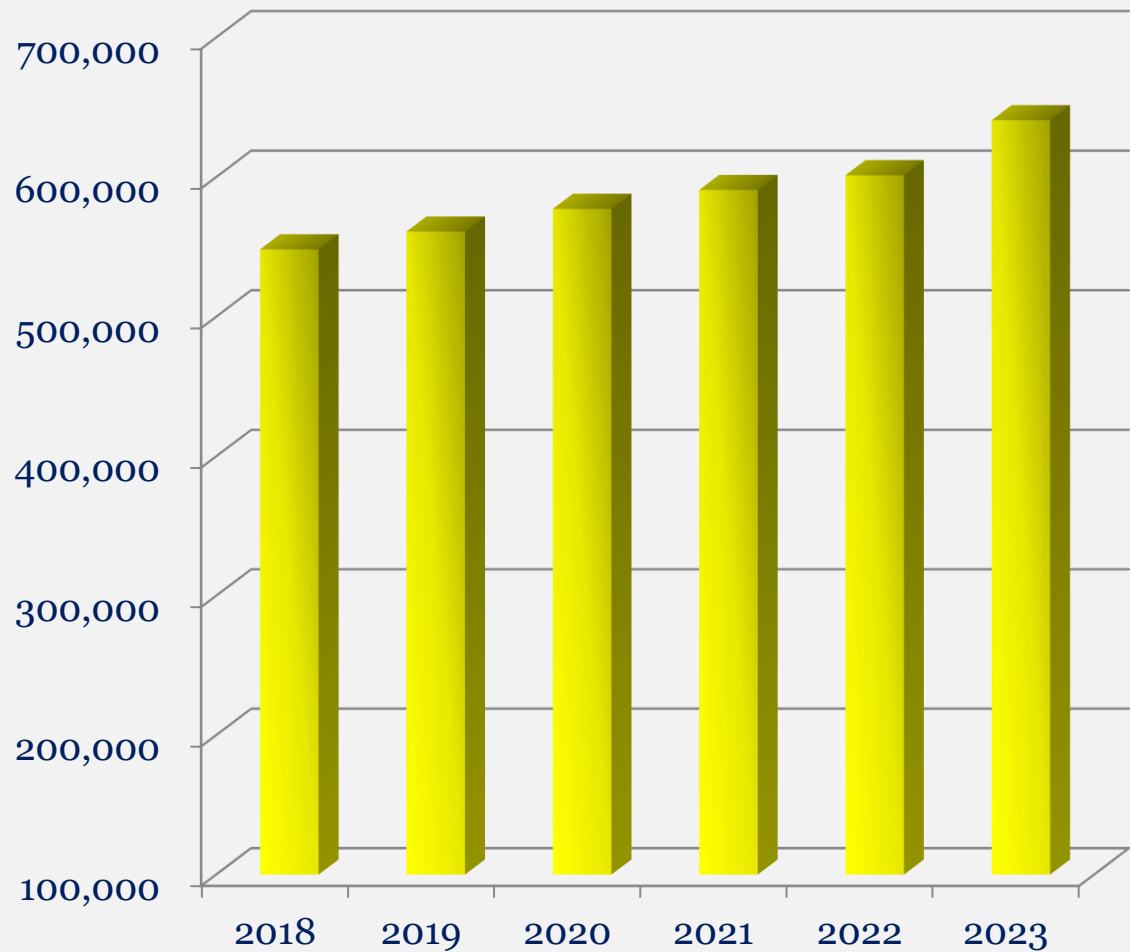
- ❑ Increase of \$129,816 which is 6.03% over the FY2022 budget.
- ❑ Reflects increases to supporting repairs, maintenance of vehicles, equipment, street lights, buildings/grounds, tree maintenance, and Fowler Field maintenance.
- ❑ Additional funding to meet demands to address municipal separate storm sewer systems (MS4s) management.
- ❑ Reduces administrative support through reliance on water and sewer enterprise accounts.
- ❑ Increases consulting services to support heavy management-workload from grants, earmarks, projects (Complete Streets, ARPA, state earmarks, Ch 90, etc)

## Public Works Budget



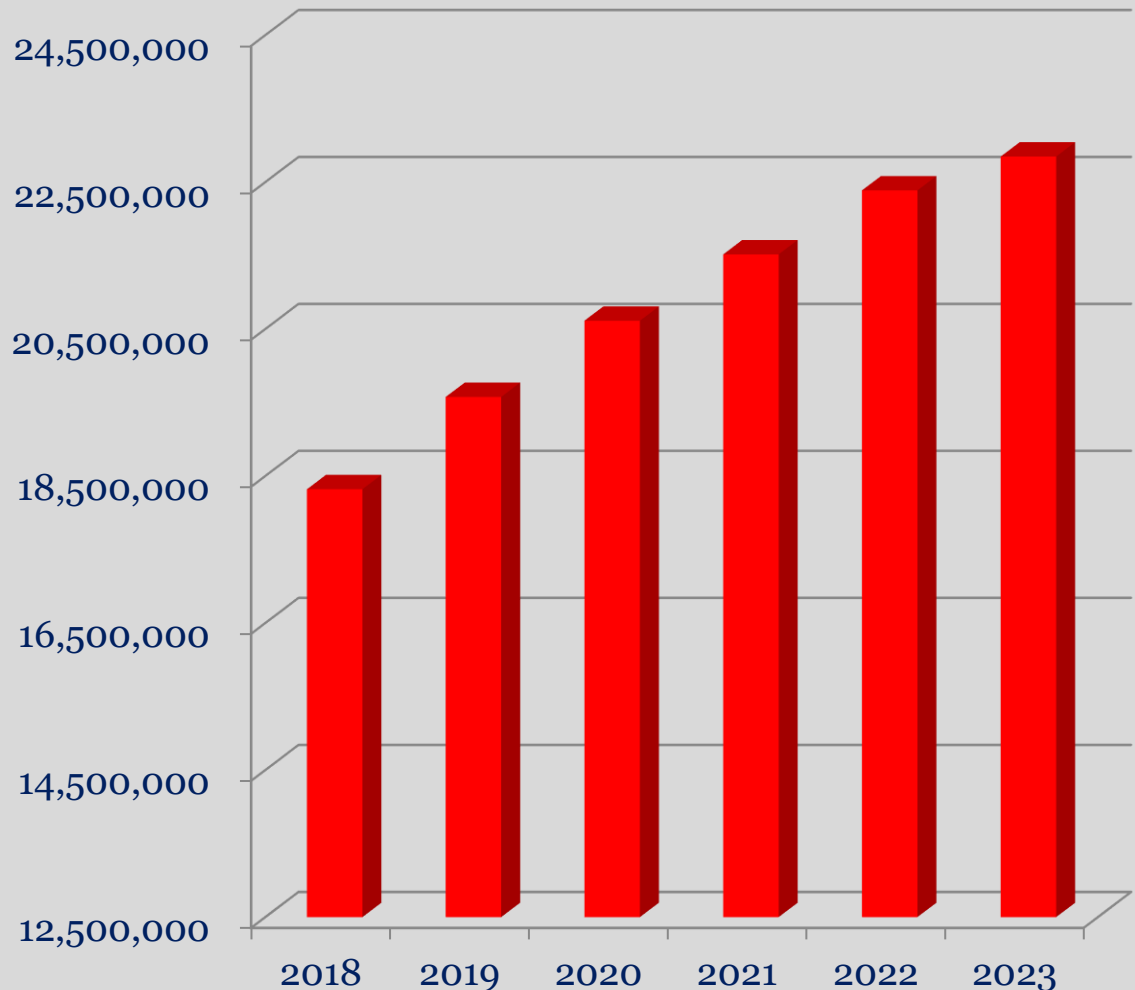
- ❑ Culture and recreation relates primarily to the activities of the Town Library.
- ❑ The Town Administrator proposes for Culture and Recreation increases of \$39,406 which is 6.55% over the FY2022 budget.
- ❑ This reflects contractual obligations for salaries, mainly in response to FY22 ratification of Clerical Union contract.

**Culture (Library)  
and Recreation Budget**



- ❑ Includes Maynard Public Schools (MPS) and Assabet Regional Technical High School (ARTHS).
- ❑ Increase of \$460,811 from the General Fund, which is 2.06% over the FY2022's final budget.
- ❑ The TA recommended appropriation for MPS is \$(469,379) less than MPS' originally requested budget increase.
- ❑ With no accurate estimation of Local Aid for the School District from the state until the spring/summer, the Select Board can consider adjusting the District's budget appropriation when information is received.
- ❑ ARTSH's current estimated assessment increases by 3% for FY22, as an increase of \$37,517. AVRTHS School Committee votes on budget mid-February.

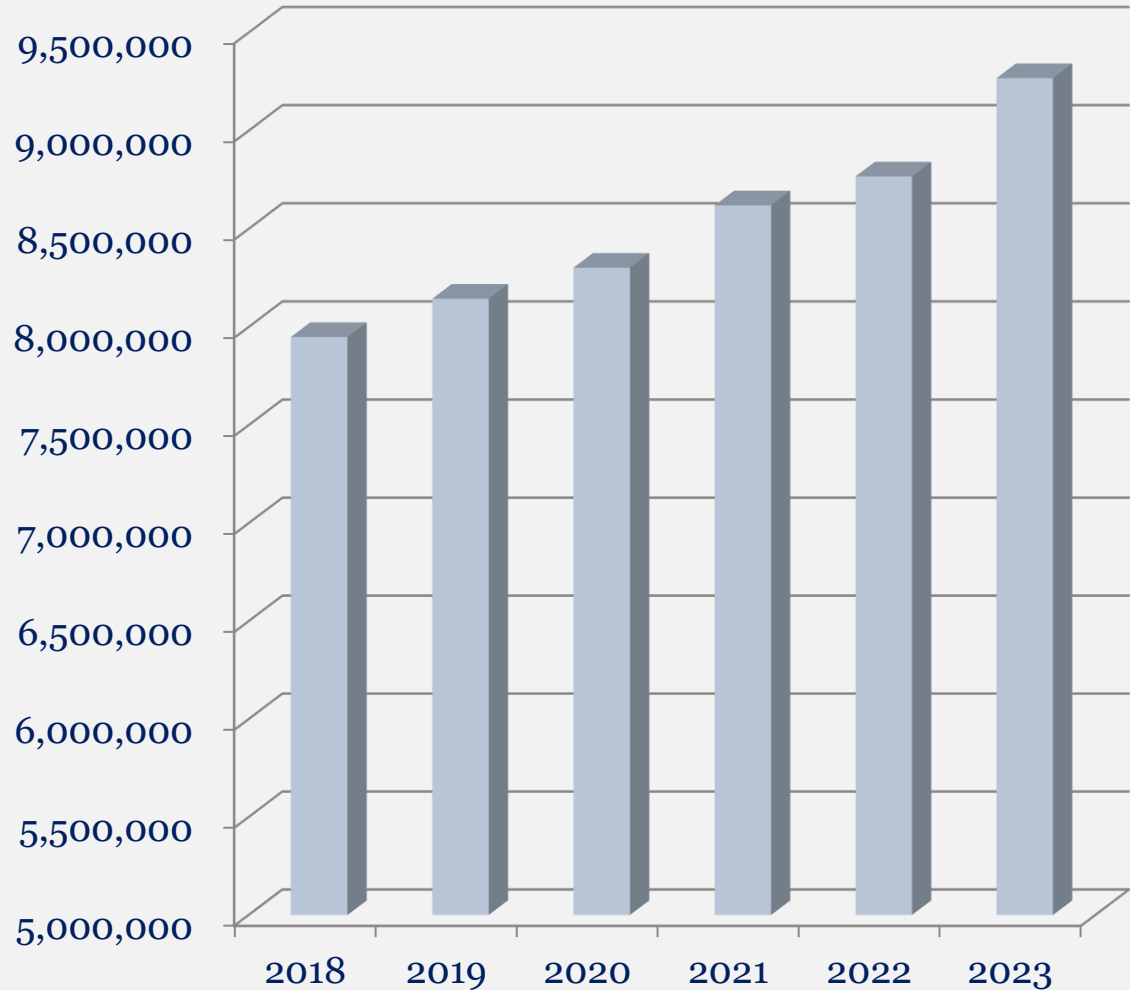
## Education Budget



# Employee Benefits

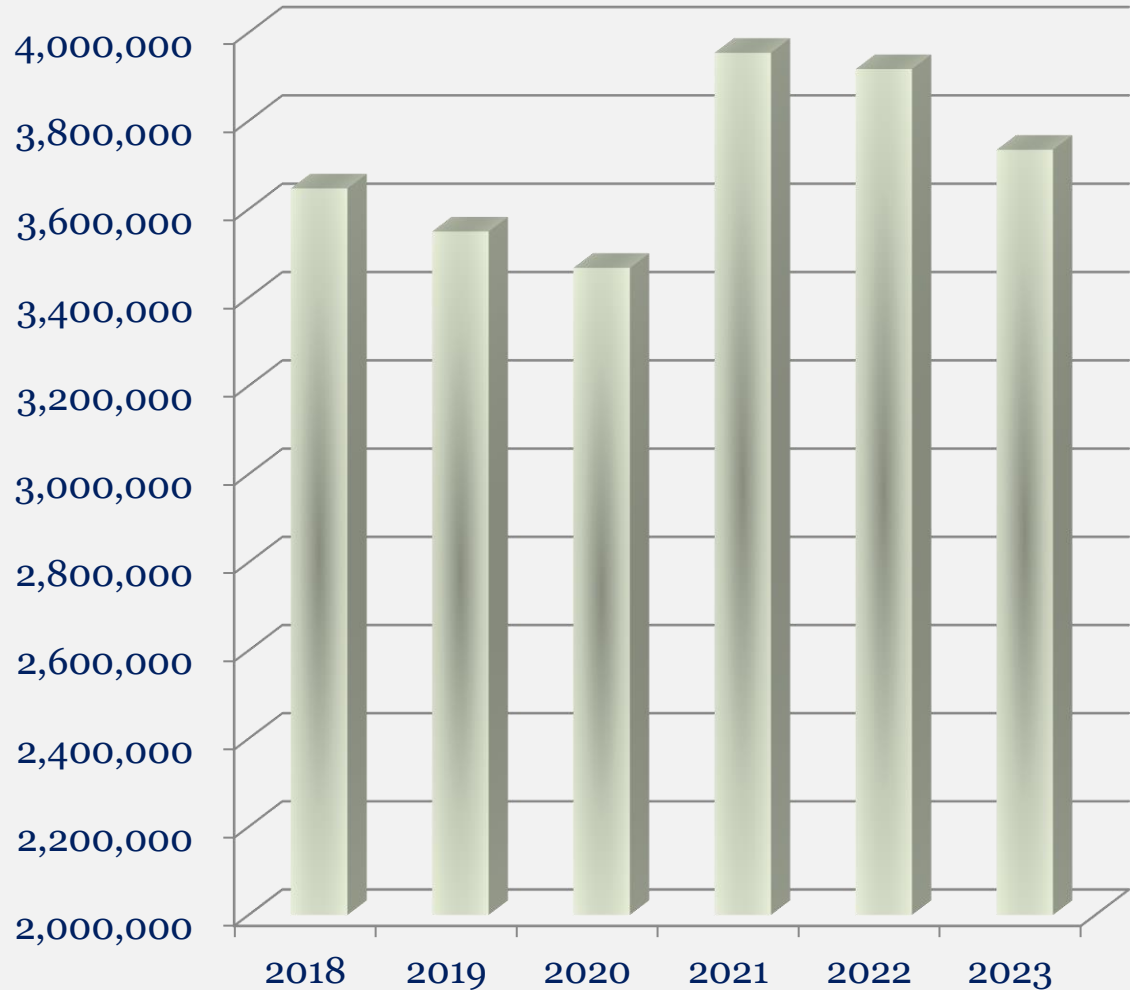
- ❑ Increases by \$500,273, or 5.71%
- ❑ Increases health insurance by \$338,952 (6%), and retirement/pension assessment of \$161,321 (6%)
- ❑ Employee benefits include fixed costs related to payroll that consist of pensions, health insurance, medicare, unemployment and life insurance.
- ❑ MIIA Health and Liability insurance premium final costs will not be known until March or later.

## Employee Benefits Budget



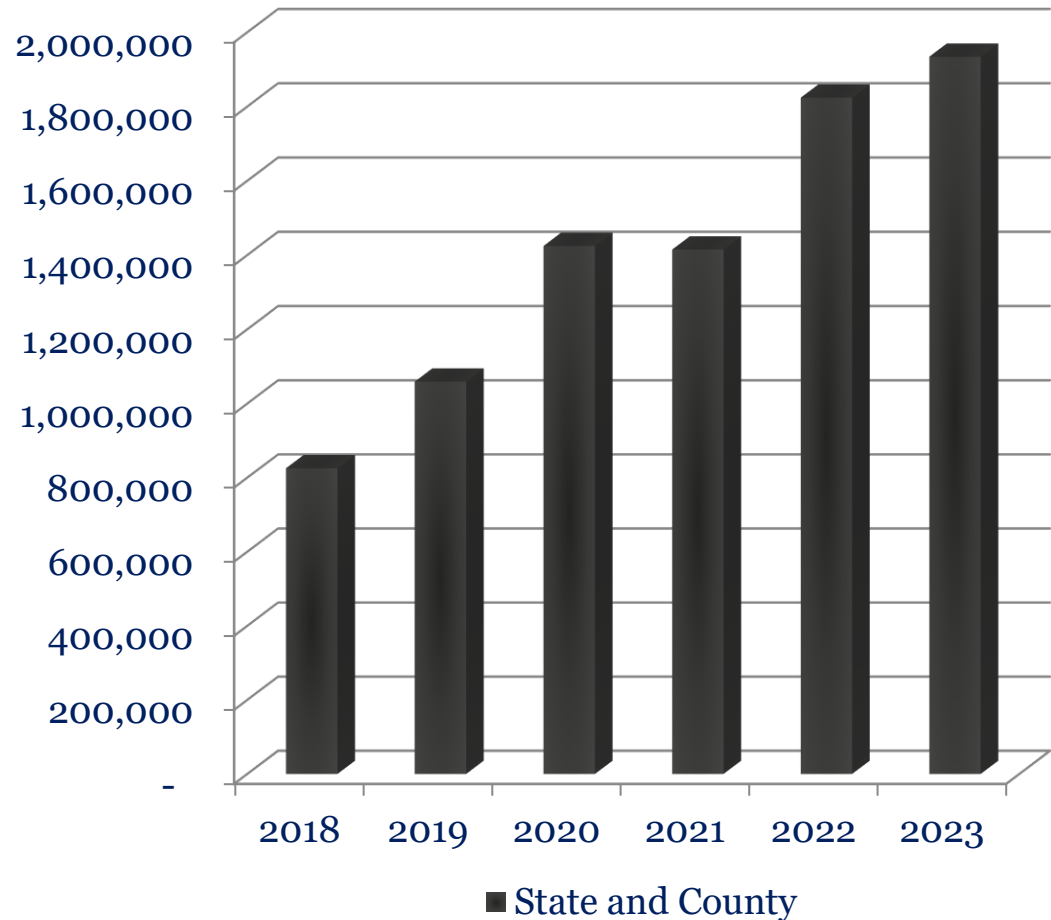
- ❑ Debt service represents the principal payback and interest costs associated with the Town's prior year bond issuances.
- ❑ Decreases excluded debt service by \$(115,941), which is (3.15)% less than FY22 budget.
- ❑ Excluded debt increases to 7.4% of the total General Fund budget.
- ❑ Non-excluded debt service decreases by \$(66,756).
- ❑ Non-excluded debt is 0.35% of the total General Fund budget.
- ❑ Possible additional non-excluded debt could include Alumni Bleachers replacement, and golf course club house envelope renovations (offset by golf course revenue)

## Debt Service Budget



- ❑ Reserve Fund is an amount annually appropriated for unanticipated expenditures. The Town Administrator proposes this amount be **\$250,000**.
- ❑ Reserve For Abatements are amounts raised on the tax recap to account for abatements that will be filed by the taxpayers. This is not included in the Town Meeting vote. Amount to be budgeted for is \$240,000
- ❑ State and County Assessments are beyond the control of the Town Administrator and assessed annually by the State. The amount included, **\$1,934,153**, is from the Governor's initial budget proposal which was released following the January 21<sup>st</sup> submission of the TA budget.
- ❑ State assessments increases by \$110,297 or 6.05% in the Governor's initial budget proposal, nearly entirely due to Charter School demands

## State and County







# JOINT BUDGET REVIEW FISCAL YEAR 2023 Town Administrator's Recommended Budget

Greg Johnson, Town Administrator



# Capital Planning

# Free Cash Analysis

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- Free cash is historically replenished if revenues exceed forecast and/or if appropriation turn-backs exist
- The Town's free cash was certified by the Department of Revenue (DOR) following the Jan 21<sup>st</sup> submission of the TA's recommended budget.
  - Free Cash was certified at \$1,558,375.
- The Town typically appropriates all free cash to stabilization funds and one-time capital items
- Stabilization transfers of any excess free cash have become “mandatory” as part of financial planning goals

# Free Cash Recommendation

(36)

Free Cash FY21 available Recommendations:		\$1,558,375		FY22 Balance	Total New Balance
Snow/Ice	\$300,000			\$117,000	\$417,000
Capital Stabilization	\$50,000			\$335,315	\$385,315
General Stabilization	\$75,000			\$1,732,434	\$1,807,434
OPEB	\$25,000			\$1,768,277	\$1,793,277
<u>One-Time Expenses</u>				Old Fire Station Demo/Abatement	\$300,000
Dispatch Comms Upgrade	\$160,000			Computers/Servers	\$39,000
Police Cruiser – Hybrid	\$55,000			New town website creation	\$35,000
Schools Roof Repairs	\$40,000			Rail Trail Parking Light	\$5,000
Schools HVAC Repairs	\$50,000			Roads/Sidewalks	\$114,375
Schools Doorways Repairs	\$20,000			Bleachers Replacement (initial)	\$200,000
Fire Hose	\$40,000			Clerical Union FY22	\$50,000



# Supplemental Information

# Tax Bill Estimates

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- Current FY22 average single family (ASF) household valuation is \$414,137, with a tax bill of \$8,498
  - In FY23, the ASF value is estimated to increase to \$422,420
  - Using full 2.5% levy limit,
    - ✦ and full amount of estimated New Growth of \$300,000,
    - ✦ as well as existing debt exclusion tax collection,
    - ✦ Estimated FY23 ASF household tax bill increases by \$250.00

# Conclusion

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